

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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MEMORANDUM

TO: Assessing Officials, County Council Members, County Commissioners, and County Attorneys

FROM: Cheryl A. W. Musgrave *CWM*
Commissioner, DLGF

DATED: November 13, 2008

SUBJECT: DRAFT of Required Contract for Appraisal Services for General Reassessment

The general reassessment of all real estate in the State of Indiana will begin July 1, 2009 for the reassessment date of March 1, 2011. During the period July 1, 2009, to March 1, 2011, real property is subject to reassessment. This will demand the focused effort of county officials and in some cases their contractors, for the next two plus years. This undertaking is statutorily required.

For those counties wishing to use a professional appraiser as a contractor to perform any of the various assessing duties, the Department has prepared a Draft Model Reassessment Contract. The Department will accept comments on the Model Reassessment Contract until October 31, 2008. Please contact Charles V. Traylor, (317) 233-2709 or ctraylor@dlgf.in.gov as soon as possible. Please understand that the vast majority of the contract terms in the model contract are required by statute, but the Department would like to understand your concerns and work with the counties to reach a workable document that protects taxpayers

The first reassessment action required by statute is contracting for the services of a professional appraiser, executed between January 1, 2009, and April 16, 2009, if the county chooses to use a third party professional appraiser. I.C. § 6-1.1-4-20. The county may choose not to contract for services and perform the reassessment with in-house staff, but that decision must be approved by the Department. I.C. § 6-1.1-4-17 (b). Counties planning to perform the reassessment with in-house staff are asked to advise the Department as soon as possible, in writing, by contacting J. Barry Wood, Assessment Division Director, at bwood@dlgf.in.gov.

I.C. § 6-1.1-4-4 requires the general reassessment of all property in state beginning July 1, 2009 with completion to be by March 1, 2011, which is the date of the reassessment. I.C. § 6-1.1-4-21 sets forth the dates by which twenty-five percent (25%) each of all parcels in the county must have the appraisals completed, December 1, 2009, May 1, 2010, October 1, 2010, and March 1, 2011. During this period the county assessor must submit values to the PTABOA no

later than November 1, 2010, and the PTABOA shall no later than December 1, 2010 hold a public hearing concerning those values. I.C. § 6-1.1-4-13.6.

In reviewing these statutes it quickly becomes apparent how important it is to meet the various deadlines from the beginning. If a contractor is to be used, failure to timely enter into the contract begins a domino effect that puts all county officials at risk to not deliver the reassessment values, and subsequently the tax billings, according to statutory deadlines. The same is true of completing the appraisals by the statutorily required dates. This in turn highlights the importance of the Work Plan attached to the model contract pursuant to Section 7, the Gantt chart, and why having the chart completed by the contractor before the contract is executed is a necessary requirement.

Model Reassessment Contract

To conform to the statutory requirements, the Department has prepared the attached draft Model Reassessment Contract. You will recognize that the model contract draft contains many of the same provisions that are contained in the Model Trending Contract. Please note the following differences.

1. The County and the assessor are now jointly referred to as the "County." This is the result of the comments from several of the assessors related to the use of the Model Trending Contract. The term "County" is also further defined as the particular county utilizing the contract to avoid the need to fill-in the county name throughout the contract.
2. Where the trending contract referenced the statutory trending requirements, this contract references the statutory reassessment requirements.
3. The Contractor duties set forth in Section 2 have been expanded and changed to address reassessment. Further, all duties are included as required without the optional language. These requirements are the county's to negotiate with the contractor in conjunction with the price, and the counties may choose none or all of the suggested duties. Therefore, the list of duties should be viewed as a starting point for the county to determine what services it desires the contractor to perform.
4. In Section 2, note that the contract requires the contractor to inspect each parcel of real estate. The inspection is to accomplish the gathering of data appropriate to value the property. The details of the physical inspection are defined by the county, and the county should clarify what is expected of a professional appraiser contractor in the Request for Proposal. In the attached Model Reassessment Contract contains physical inspection language. Please review the language carefully and adapt it to meet the needs of your county depending on the level of information available for parcels in the county.
5. The duties of the county set forth in Section 3 are affected by the duties of the contractor set forth in Section 2.
6. Section 7 incorporates the work plan which sets forth the time line for completion of the work. It should be completed by the time the contract is signed. On the trending contract some vendors consistently failed to submit the work plan by the date of execution of the contract by the county. The Department recommends the counties

carefully consider the time line the contractor sets forth in the work plan due to the importance of completion of the reassessment on time according to the statutory requirements. The contractor should commit to the time line by the date the contractor executes the contract.

7. The performance bond at Section 8 is at the discretion of the counties for the trending contract for 2008 work. The Department recommends the use of a performance bond for the reassessment duties, which are more extensive. Many states either require, or make it a county option for performance bonds from professional appraiser contractors with local government departments. The Department strongly recommends counties require the bond.
8. Modification of the requirements in Section 15 from the requirement that work be performed before it is billed and paid violates state fiscal policy and procedures and I.C. § 4-13-2-20. As such, modifications are not permitted.
9. Section 44 has been added which requires the Contractor to verify that any changes to the Model language have been noted to the County and the Department. This has been added because one contractor made substantial changes to the trending contract but attempted to cover the changes by misnaming the titles to the sections. The county was unaware of the changes. This provision requires the changes to be brought to the attention of the other parties to the contract.

The model contract moves the appraisal due dates forward by thirty (30) days to provide a modest cushion for compliance with the statutory time line.

If your county intends to perform the reassessment with in house personnel, please include in your notice to Barry Wood a description of the process of physical inspection that will be utilized.